



September 28, 2009

Charles Wishman

This letter is meant to constitute written testimony for the Health Care Coverage Commission.

Riverfront Technology, Inc. is two year-old information technology consulting services firm based in Clinton. We provide contracted technical support for businesses, municipal governments and law enforcement agencies in Eastern Iowa and Northwestern Illinois. The services we provide are crucial for our customers to remain competitive and to provide modern services in this region. This has an impact on the region's ability to remain economically vital and to attract new residents and economic development.

Riverfront Technology has three full-time and two part time employees. We have thoroughly investigated various health insurance options available to us and have found that for a company our size for us to provide health insurance to our employees at the current market rates for health insurance.

The options available to us would either force us to raise our labor rates to a level that would price us out of the market or to cut net pay to a level where our principals and employees could not make ends meet.

By way of example, I am a small business owner with a wife and three school-aged children. My wife and I cover ourselves with a very basic package from private provider. This costs us \$390 per month in premiums with \$3,500 annual individual deductibles, a 80/20 copay structure if we ever exceed our deductibles and max out-of-pocket of \$25,000. My current salary level is just enough for us to make ends meet and our children are covered under Hawk-I/SCHIP.

I cannot give myself a small pay raise because it would put us over the limit for Hawk-I. But the business is not yet so profitable that I can raise my salary by the nearly \$15,000 necessary to simply stay in place from a take-home pay standpoint while adding the children to a private insurance plan that is more robust. Hence our family struggles financially while we struggle to grow the company.

Even the otherwise excellent coverage of Hawk-I is not altogether a good solution. As of this very day, I was informed by the dentist to whom we were referred by our orthodontist that they no longer take Hawk-I patients. The reason given: that the reimbursement rate is too low.

Meanwhile the high price of health care policies has impacted our ability to grow our business in the following ways:

- 1) We have had difficulty attracting talented individuals to our firm. In the early part of 2009 we had an opening for a network engineer. We had a number of attractive applicants with many years of experience. These applicants were applying from the Chicago region and were willing and eager to relocate to Iowa. However, our inability to provide health care not only to them and their families made it impossible to successfully recruit them.

We were eventually able to fill this position and that employee is doing very well for us but is not at the same level of experience and skills as other prospects we were trying to land.

- 2) We are currently in the planning stages of two joint-venture startup businesses. During the early stages of these businesses (pre-venture capitalization) we will be financing these operations out of our own pockets. The same conditions above will apply to attracting the types of technical staff required to get these operations running. This is making these ventures much harder to bring into existence.

I would humbly submit that Riverfront Technology is the type of business, providing the types of services and paying salaries that the State of Iowa is highly interested in encouraging and maintaining. However, the current state of the health care system with its high costs and complexity is second only to the availability of capital in its effects on our business success and growth.

It is my position that any meaningful health insurance reform must contain at a minimum the following elements:

- 1) Ability for small businesses to purchase insurance with risk factored in from a large (preferably from the general population) pool.
- 2) Portability of plans between employers or in case of severance of employment.
- 3) Cost containment through collective bargaining of multiple plans be they public or private.

Thank you for your consideration in this matter.

Connor Anderson  
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Riverfront Technology, Inc.